

CEPP Financial Capability Part 1

*South Florida Water Management District
Water Resources Advisory Commission Meeting
November 7, 2013*

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Comprehensive Everglades Restoration Plan Cost-Share Credit Framework

- Established in Water Resources Development Act of 2000
- CERP is cost-shared 50-50 on a programmatic basis
 - Design is governed by the Design Agreement approved by Governing Board and executed in 2001
 - Project Implementation Reports developed under the authority of Design Agreement
 - Project construction, operation and maintenance are governed by the CERP Master Agreement approved by Governing Board and executed in 2009
 - Master Agreement established the framework for all Project Partnership Agreements for CERP
 - A Project Partnership Agreement must be executed before USACE can initiate construction on a project

Comprehensive Everglades Restoration Plan 50-50 Cost-Share Balance Framework

- Costs for design and construction are accounted for and managed programmatically across projects
- USACE expenditures and obligations can never exceed SFWMD's credit eligible costs
- Only costs for projects with executed Project Partnership Agreements (PPA) are considered eligible
- Costs for operations and maintenance are accounted for separately

Comprehensive Everglades Restoration Plan 50-50 CERP Cost-Share Credit Framework

- **SFWMD Credits**

- Design Agreement costs are credited as incurred
- After a PPA is executed
 - Value of all lands acquired with Non-Federal funds
 - Cost of construction completed prior to or after PPA signing
 - Upon award of an SFWMD contract for construction, the entire amount obligated by the contract is creditable

- **USACE Credits**

- Design Agreement costs credited as incurred
- After a PPA is executed
 - Value of lands acquired with Federal funds
 - Upon award of a USACE contract for construction, the entire amount obligated by the contract is creditable

Comprehensive Everglades Restoration Plan Current Projects with Executed PPAs

- Picayune Strand Restoration - 2009
- Indian River Lagoon South Phase 1- 2010
- Site 1 Impoundment Phase 1- 2010
- Melaleuca Eradication Facility- 2010

Cost Share Credits for the Next Generation of CERP Projects

- Awaiting Congressional authorization of four Generation 2 Projects:
 - C-43 West Basin Storage Reservoir
 - C-111 Spreader Canal
 - Biscayne Bay Coastal Wetlands Phase 1
 - Broward County Water Preserve Areas
- Total cost of these four projects is \$1.8 billion
- Authorization and appropriations for these projects is critical to CERP cost-share balance.
 - SFWMD's sunk costs for land acquisition and construction will provide a total of approximately \$400 million in credit



Development of CERP Implementation Schedule Scenarios

*Preliminary Assumptions and
Constraints*

Project Authorization and Appropriation Assumptions

- Congress authorizes new Project Cost for Picayune Strand in 2016
- Congress authorizes and appropriates funds, allowing sequenced execution of Project Partnership Agreements:
 - Broward County WPAs
 - C-111 Spreader Canal
 - C-43 West Basin Storage Reservoir
 - Biscayne Bay Coastal Wetlands
 - Loxahatchee River Watershed Restoration
 - Central Everglades Planning

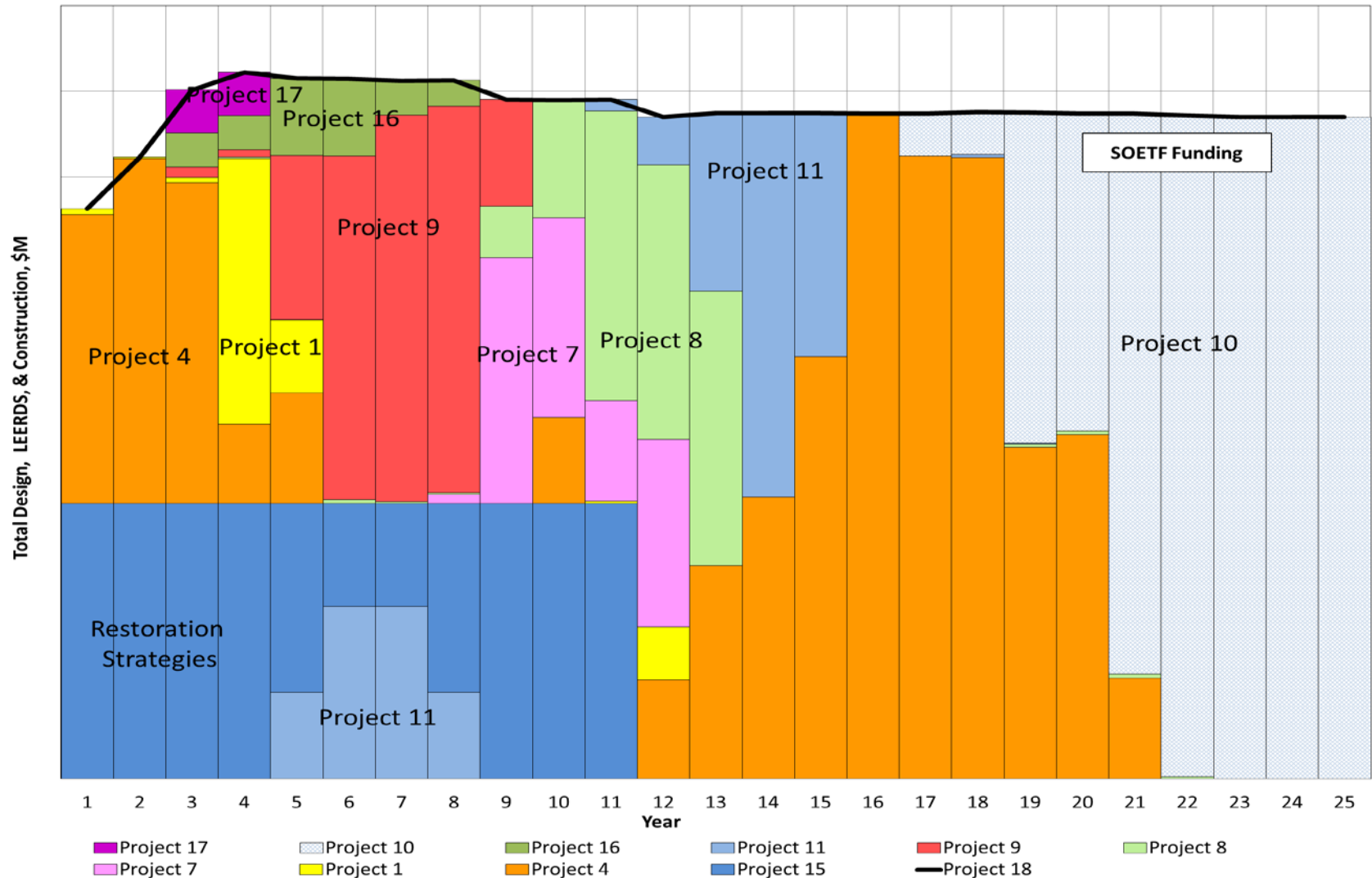
Design and Construction Cost Assumptions

- Construction cost estimates for projects starting after 2015 are escalated by 2% per year to the midpoint of construction
- Design cost assumed to be 10% of construction cost
- USACE and SFWMD costs for planning and programmatic activities assumed to be equal after FY15

Scheduling Assumptions and Constraints

- Detailed design starts after project authorization
- With minor exceptions, no future construction starts until after PPA execution
- Acquisition of lands needed for project constructed must be completed ~ 9 months before construction starts
- Allow approximately 3 years for design on reservoirs
- Allow approximately 2 years for design on stormwater treatment areas
- Construction of most CEPP features cannot be started until Restoration Strategies is operational

Annual SFWMD Design, LEERDS & Construction by Project





Next Steps

- Refine scheduling assumptions and constraints
- Develop sequencing scenarios to determine feasible cash flow options
- Incorporate findings into staff recommendations for Governing Board consideration



Discussion